



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
WASHINGTON, DC 20410-4500

September 9, 2003

Honorable Joseph E. Schmitz
Inspector General
U.S. Department of Defense
400 Army Navy Drive
Arlington, Virginia 22202-2884

Dear Mr. Schmitz:

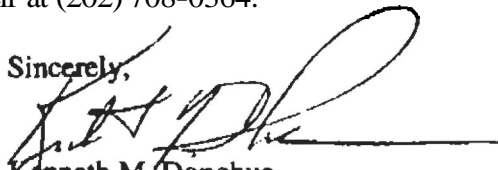
On July 3, 2003, my Office of Audit completed the **review** of the **system** of quality **control** for the audit function of the Department of Defense (**DOD**), Office of Inspector General (OIG), in effect for the **year** ended March 31, 2003. **They** conducted the review in conformity with **standards** and guidelines established by the President's Council on Integrity and Efficiency (**PCIE**). We **tested** compliance with the **OIG's** system of quality control to the extent we considered appropriate. **These tests** included a review of the audits identified in the **enclosure**.

In performing our **review**, we gave **consideration** to the **PCIE** policy statement on quality **control** and external reviews, **dated February 2002**. That statement indicates that an **OIG's** quality control **policies** and **procedures** should be appropriately **comprehensive** and suitably designed to provide reasonable assurance that the objectives of quality control will **be** met. It **also recognizes** that the nature, extent and formality of an **OIG's** system of quality control depends on various factors such as the **size** of the **OIG**, the **location** of its offices, the **nature** of the work and its **organizational structure**.

In our opinion, **the system** of quality control for the audit function of DOWOIG in effect for the year ended March **31, 2003**, has **been** & signed in accordance with the **PCIE** quality **standards** and was **being** complied with for the year **then** ended to provided the **OIG** with reasonable assurance of **material** compliance with professional audit **standards** in the **conduct** of its audits. We **are** there issuing an unqualified opinion on your system of audit quality control. In addition, I have provided you a Letter of **Comments**, **dated September 2, 2003**, which identifies certain other matters that **came** to our attention, **These matters** do not **affect** our overall opinion.

If you have any questions, please **feel free** to call James A. Heist, Assistant **Inspector** General for Audit, or myself at (202) 708-0364.

Sincerely,



Kenneth M. Donohue
Inspector General

Enclosure

Review Scope and Methodology

We tested compliance with the Office of Inspector **General's** system of quality control to the extent we considered appropriate. These tests included a review of 12 of 115 **performance** audit reports issued during the **September 30, 2002** and **March 31, 2003**, semiannual **reporting periods**. In addition, we reviewed 2 of 8 **Fiscal Year 2002** financial statement **audits** and monitoring activities covering the financial **statements** that **were performed** under **contract**. We **also reviewed** the internal quality **control** reviews performed.

OIG Offices Reviewed

We visited the Arlington, Virginia **office** and in addition we reviewed audits **performed** by the **Norfolk**, Denver, and Cleveland field offices.

Audit Reports Reviewed

1. Accountability and Control of Material at the Corpus **Christi Army Depot** -- report # **2002-091** of **5/21/2002**
2. Resource Sharing **Between** DOD and the Dept. of Veterans Affairs -- report # **2003-063**, dated **3/14/2003**
3. Certifications of the **Reserve** Component Automation System -- report # **2002-103** of **6/14/2002**
4. **Information Resource** Management at the **Army** Aviation and Missile Command, report # **2003-002** of **10/03/2002**
5. General and **Flag Officer Quarters** at Pearl Harbor, Hawaii, report # **2002-125** of **7/1/2002**
6. **Procedures** for Selecting Contractor Personnel to **Perform** Maintenance on **Army** Aircraft in Bosnia, report # **2002-150** of **9/18/2002**.
7. The **Defense** Security Service Cost Accounting **System** to Support Fee-For-Service, report # **2002-115** of **6/24/2002**
8. Independent Auditor's Report on the Dept of Defense Fiscal Year 2002 Agency-Wide Principal Financial Statements, report # **2003-050** of **1/15/2003**.
9. Allegation to the Defense **Hotline** on the **Use** of Funds by **Navy** Region Southeast. report # **2002-147** of **9/16/2002**.
10. Audit of the **Army** Contract Audit Follow-up **Process**, report # **D2002-6-009** of **9/18/2002**
11. DoD Contractor **Subcontracting** With Historically **Underutilized** Business Zones **Small** Businesses, report # **2003-019** of **11/1/2002**
12. **Controls Over** the Use and Protection of Social Security Numbers **Within** DoD, report # **2003-066** of **3/21/2003**
13. Independent Auditor's Report on the Air Force **General** Funds FY 2002 Principal Financial Statements, report # **2003-041** of **1/6/2003**.

14. *Government Information Security Reform Act Implementation:*
Noncombatant Evacuation Operations Tracking System, report # 2002-093 of
5/23/2002